

Department of Corporate and Community Services

Deputy Chief Executive: Caroline Innes BSc (Hons)

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Date: 4 September 2020

When calling please ask for: Eamonn Daly (0141-577-3023)

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TO: Provost Fletcher; Deputy Provost Cunningham; and Councillors Aitken, Bamforth, Buchanan, Convery, Devlin, Gilbert, Grant, Ireland, Lafferty, Macdonald, McLean, Merrick, Miller, O'Kane, Swift and Wallace.

EAST RENFREWSHIRE COUNCIL

A meeting of the East Renfrewshire Council will be held on **Wednesday 9 September 2020 at 7.00 pm.**

The agenda of business is as listed below.

Please note this is a virtual meeting.

Yours faithfully

Caroline Innes

C INNES
DEPUTY CHIEF EXECUTIVE

PROGRAMME OF BUSINESS

1. **Report apologies for absence.**
2. **Declarations of Interest.**
3. **Submit for approval as a correct record and signature the Minute of meeting of the Council held on 24 June 2020.**
4. **Submit for approval as a correct record the Minutes of meetings for the period 25 June to 8 September 2020.**

5. Items Remitted to the Council

- (i) **Annual Treasury Management Report 2019/20 - Report by Head of Accountancy (Chief Financial Officer)(copy attached, pages 3 - 16)(Audit & Scrutiny Committee – 13 August 2020).**

Audit & Scrutiny Committee Recommendation

That the Council:-

- (a) **note the report; and**
- (b) **approve the organisations specified in the report for the investment of surplus funds.**
- (ii) **General Fund Capital Programme 2020/21 - Report by Chief Financial Officer (copy attached, pages 17 - 42)(Cabinet – 27 August 2020).**

Cabinet Recommendation

That the Council approve the movements within the General Fund Capital Programme 2020/21.

- (iii) **Housing Capital Programme 2020/21 – Joint Report by Chief Financial Officer and Director of Environment (copy attached, pages 43 – 50 51 -).**

Cabinet Recommendation

That the Council approve the movements within the Housing Capital Programme 2020/21.

6. Statements by Conveners/Representatives on Joint Boards/Committees.

7. Annual Statement on Adequacy of Governance, Risk Management and Internal Control Systems – Report by Audit & Scrutiny Committee (copy attached, pages 51 - 56).

This document can be explained to you in other languages and can be provided in alternative formats such as large print and Braille. For further information, please contact Customer First on 0141 577 3001 or email customerservices@eastrenfrewshire.gov.uk

EAST RENFREWSHIRE COUNCILAUDIT & SCRUTINY COMMITTEE13 August 2020Report by Head of Accountancy (Chief Financial Officer)ANNUAL TREASURY MANAGEMENT REPORT FOR 2019/20**PURPOSE OF REPORT**

1. To advise the Audit & Scrutiny Committee on the Treasury Management activities for the year ending 31 March 2020.

RECOMMENDATION

2. It is recommended that the Committee: -
- a) note the Treasury Management Annual Report for 2019/20; and
 - b) recommend to the Council that the attached organisations for investment of surplus funds be approved.

BACKGROUND

3. In line with the CIPFA Code of Practice on Treasury Management, the Audit & Scrutiny Committee is responsible for ensuring effective inspection of treasury management activities and this report is submitted in accordance with this requirement.

SUMMARY

4. Overall the report demonstrates a well-managed treasury function within the Council. The average interest rate on long-term borrowing has decreased slightly over the previous year, reflecting the scheduled maturity of existing borrowing with lower interest rates. The Council continues to adopt a prudent approach to treasury management and in particular the percentage of loans held as at 31 March 2020 that had variable interest rates was 7.21% which is well below the Council's approved upper limit of 30%. The resulting stability in borrowing assists the Council in responding to the current national economic pressures.

RECOMMENDATION

5. It is recommended that the Committee: -
- a) note the Treasury Management Annual Report for 2019/20; and
 - b) recommend to the Council that the attached organisations for investment of surplus funds be approved.

REPORT AUTHOR

Head of Accountancy (Chief Financial Officer): Margaret McCrossan

Chief Accountant: Barbara Clark

Telephone Number: 0141 577 3068

E-mail: barbara.clark@eastrenfrewshire.gov.uk

Report Date: July 2020

ANNUAL TREASURY MANAGEMENT REPORT 2019/20

1. Actual External Debt

	Borrowing 01/04/19 £M	Average Interest %	Borrowing 31/03/20 £M	Average Interest %	Change in year £M
<u>Long Term Borrowing</u>					
Public Works Loan Board	74.71	4.22	99.57	3.52	24.86
Local Authority Bonds	14.40	4.60	14.40	4.60	-
PFI / PPP Finance Leases	90.48	7.19	85.75	7.21	(4.73)
SALIX Energy Efficiency Loan	0.04	-	0.02	-	(0.02)
Total Long Term	179.63	5.74	199.74	5.18	20.11
<u>Short Term Investments</u>					
Temporary Investments	(67.14)	0.97	(73.82)	1.01	(6.68)

NOTES

- (i) For purposes of this report long-term borrowing means loans taken on a long-term basis. This differs from the Annual Accounts, which have to categorise long-term loans with less than a year until repayment as short-term loans. Loans above totalling £0.55million come into this category.
- (ii) The average interest rate on long-term borrowing has decreased by 0.56%.
- (iii) During the year additional borrowing of £27 million was made with the Public Works Loan Board and loans totalling £2.14 million matured.
- (iv) The Council's net external borrowing position has increased in total by £13.43 million during the year.
- (v) The Council's activity in the temporary investments market is shown along with the corresponding interest rate movements in Appendices 2 - 5. All sums invested were for periods of less than 1 year. In response to difficulties in the financial markets and as part of a risk managed process designed to protect the principal of the sums invested, during the course of the year the maximum period of investment was restricted to 6 months, with the exception of those investments with the Bank of Scotland which are set at maximum of 1 year.
- (vi) At 31 March 2020, the Council had 7.21% of its total debt outstanding in variable rate loans. For the Council to gain a high level of stability in overall borrowing costs the Council's Treasury Policy Statement requires the exposure to variable rate loans to be less than 30% of the total debt outstanding.

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2. PWLB

The primary source of medium/long term borrowing is from the UK Government through the Public Works Loan Board (PWLB). The PWLB provides loans to local authorities at rates, which are in general more attractive than loans available from other sources.

3. DEBT MATURITY PROFILE

The Council's debt maturity profile at 31 March 2020 is shown both below and in Graph format at Appendix 6.

It was a requirement of the Council's Treasury Policy Statement that the maximum amount of long-term debt maturing in any one year should be no more than 15% of the Council's long-term debt outstanding, at the time of borrowing.

The Council's debt Maturity Profile as at 31 March 2020 was within the agreed limits.

Long Term Debt Maturity Profile as at 31 March 2020

	PWLB	Local Authority Bond	SALIX	Total	
	£M	£M	£M	£M	%
20/21	0.54	0.00	0.01	0.55	0.48
21/22	0.36	0.00	0.01	0.37	0.32
22/23	0.82	0.00	0.00	0.82	0.72
23/24	0.36	0.00	0.00	0.36	0.32
24/25	0.01	0.00	0.00	0.01	0.01
25/26	0.00	0.00	0.00	0.00	0.00
26/27	5.00	0.00	0.00	5.00	4.39
27/28	2.00	0.00	0.00	2.00	1.75
28/29	0.00	0.00	0.00	0.00	0.00
29/30	0.00	0.00	0.00	0.00	0.00
After 2029/30	90.48	14.40	-	104.88	92.01
Total	99.57	14.40	0.02	113.99	100.00

4. PRUDENTIAL INDICATORS

In line with the agreed monitoring arrangements for the Prudential Indicators, listed below there is a table showing all the prudential indicators comparing the approved indicator, as reported to the Council on 28 February 2019 along with the actual figures recorded at 31 March 2020, demonstrating that the Council is operating well within the limits set.

Prudential Indicator	Approved indicator	Actual	COMMENT
1. Capital Expenditure	£58,986,000	£47,895,000	Movement is due to revised planning of capital projects to future years, resulting in a

			commensurate movement of capital expenditure.
2. Capital Financing Requirement	£216,633,000	£200,099,000	Movement is due to a reduction in net capital expenditure in both previous and current year also re-phasing debt w/o profile.
3. Operational Boundary for External Debt	£229,626,000	£199,740,000	Movement is due mainly to only £27m of the anticipated in year borrowing of £50m from PWLB being undertaken, and existing in year debt being repaid.
4. Authorised Limit For External Debt	£250,498,000	£199,740,000	Approved indicator included an allowance of £50m for new debt and a further allowance to cover any unusual temporary movements, only £27m was required during the year. In addition existing debt was repaid during the year.
5. Gross Debt	£222,740,000	£199,740,000	Movement is mainly due to only £27m of the anticipated in year borrowing of £50m from the PWLB being undertaken.
6. Code of Practice For Treasury Management	The Council has adopted the CIPFA Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes	All of the approved activities within the Council Treasury Management Policy Statement have been complied with.	

5. APPROVED ORGANISATIONS FOR INVESTMENT

In line with normal practice the status of all Banks and Building Societies has been reviewed in order to amend the current list of approved organisations for investment (see appendix 7). All lending is in line with the permitted methods of investment which were approved by Council on 28 February 2019 as part of the Treasury Management Strategy report.

As a result of the banking crisis and in line with prudent financial management, investment has been restricted to UK organisations with high credit ratings. Also, the maximum period of investment was restricted to 6 months, with the exception of loans to the Bank of Scotland, in line with advice from our Treasury Advisers, Link Asset Services. These

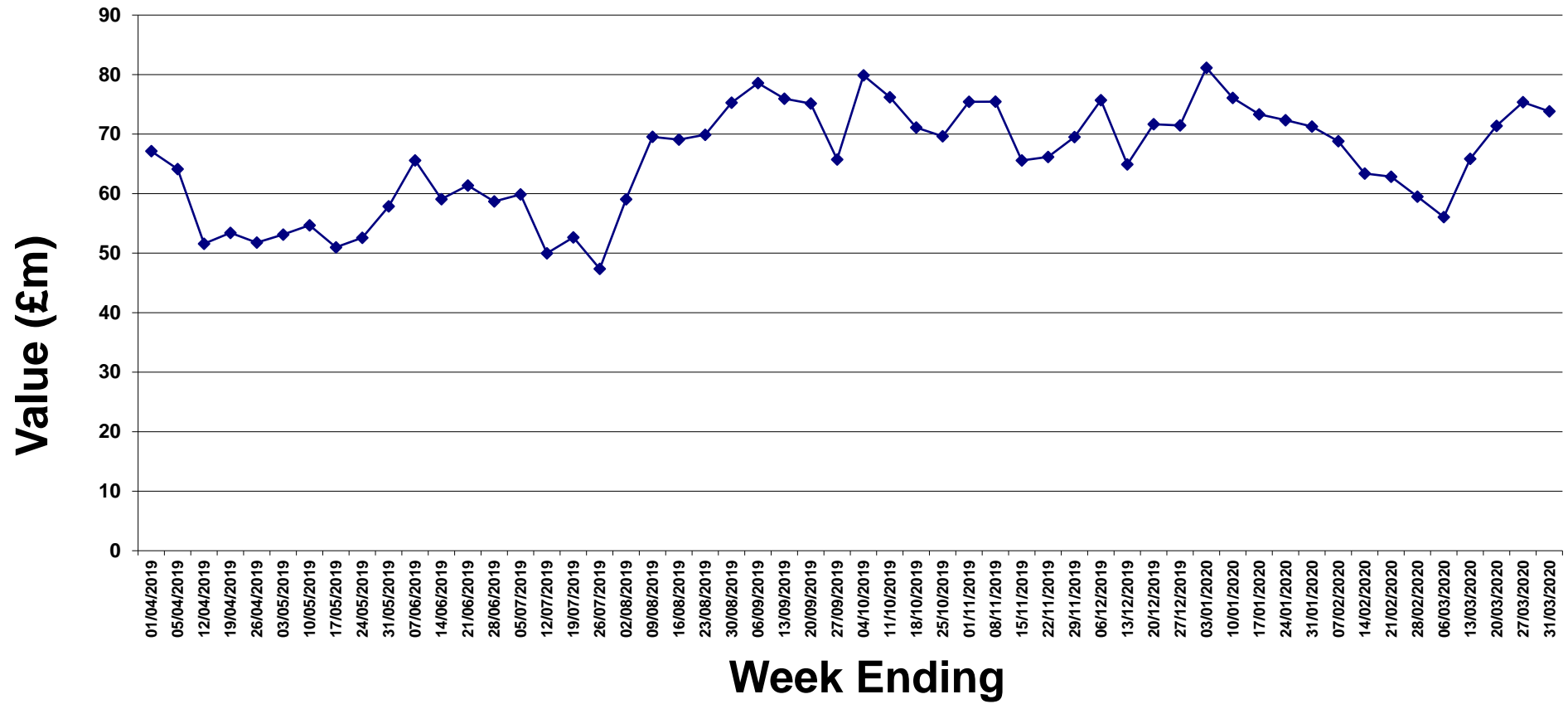
measures have been taken as part of a risk managed process designed to protect the principal of the sums invested.

Credit ratings of organisations on the counter-party list are subject to continuous monitoring and review to ensure that subject to available professional advice, approved organisations remain sound for investment purposes.

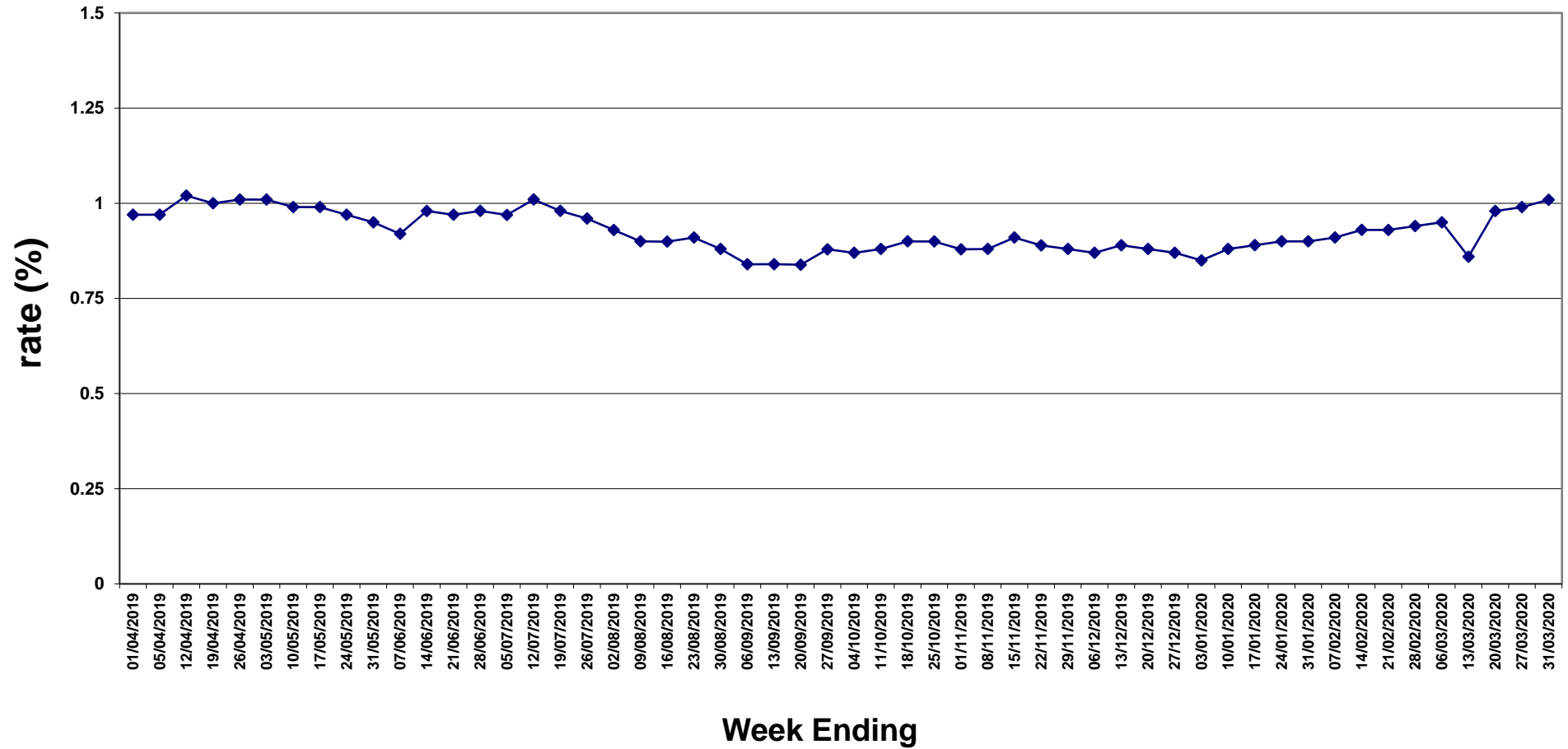
6. TREASURY MANAGEMENT RISK

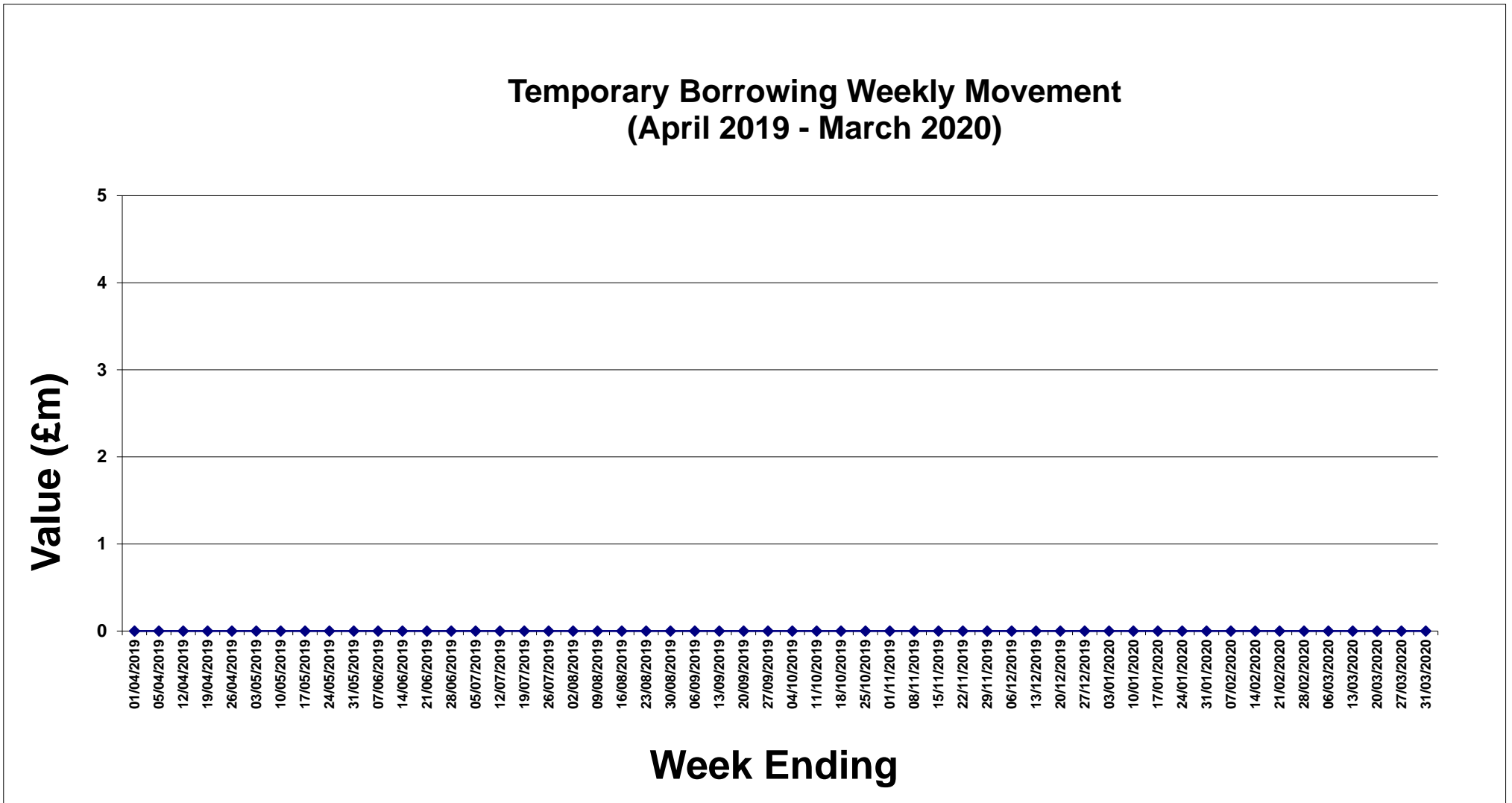
Within the Operational Risk Register for Accountancy Services there is a risk listed that highlights the difficulty in obtaining sufficient institutions, that meet the Council's criteria, to invest surplus funds with. To minimise this risk the Council has seven Money Market Funds which provide highly diversified investments.

Temporary Deposits Weekly Movement (April 2019 - March 2020)

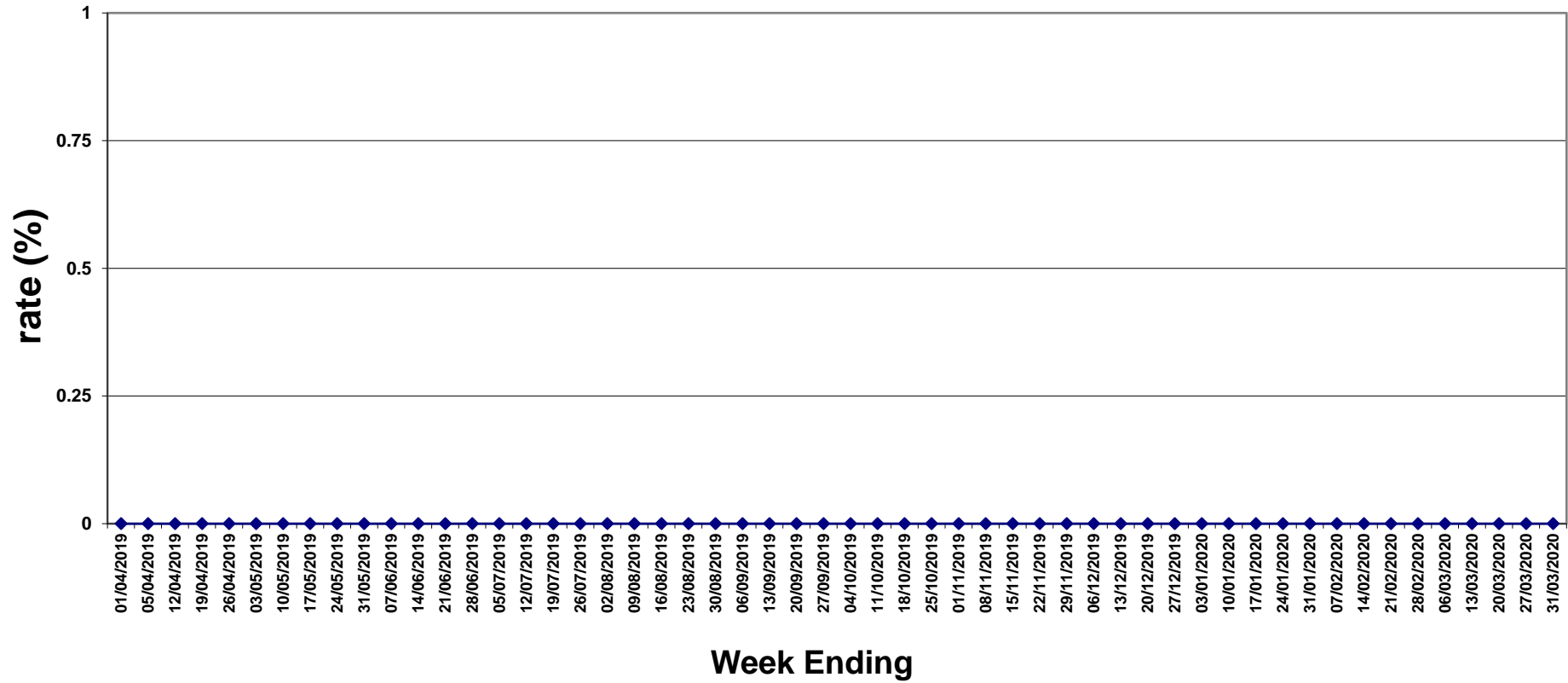


**Temporary Deposit
Interest Rate Movements
(April 2019 - March 2020)**

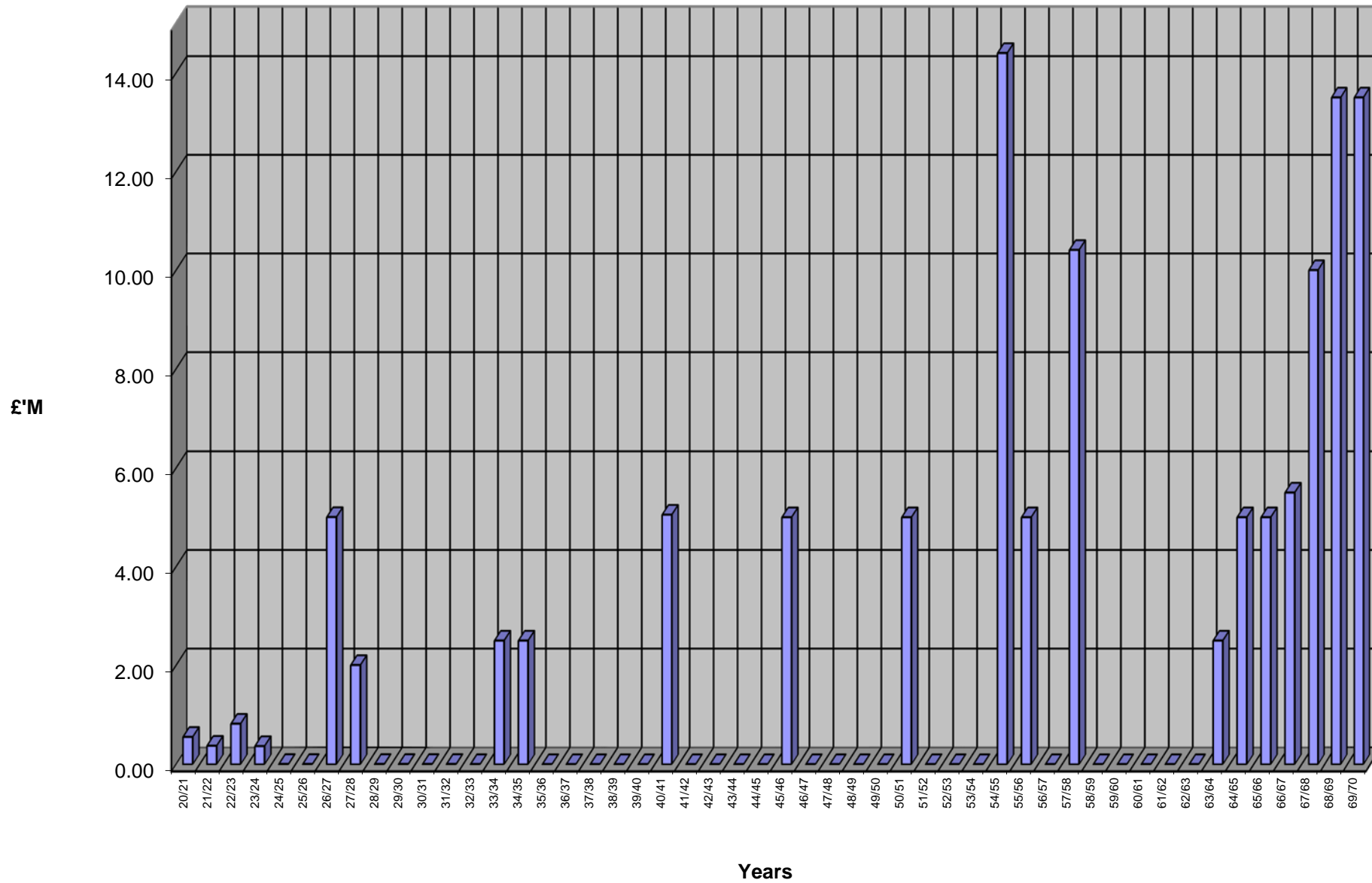




Temporary Borrowing Interest Rate Movements (April 2019 - March 2020)



Long Term Debt Maturity Profile as at 31/03/20



EAST RENFREWSHIRE COUNCIL

ORGANISATIONS APPROVED FOR THE INVESTMENT OF SURPLUS FUNDS
Limits

Banking Group	Individual Counterparty	Deposit	Transaction
Bank of England	Debt Management Office	£5m	£5m
	UK Treasury Bills	£5m	£5m
Barclays Banking Group	Barclays Bank plc	£5m	£5m
Goldman Sachs International Bank		£5m	£5m
HSBC		£5m	£5m
Lloyds Banking Group:	Bank of Scotland plc	£12.5m	£12.5m
Royal Bank of Scotland Group:	Royal Bank of Scotland plc	} £5m	£5m
	National Westminster Bank		
Standard Chartered Bank		£5m	£5m
Santander Group	Santander UK plc	£7.5m	£7.5m
Clydesdale Bank		£0m	£0m
Building Societies			
Nationwide		£5m	£5m
Local Authorities			
All Local Authorities including Police & Fire		£5m	£5m
Money Market Funds			
Maximum limit of £5m per fund, with the exception of Federated which has a maximum limit of £10m		£40m	£5m

Credit Ratings

	Fitch		Moody's		S&P	
	LT	ST	LT	ST	LT	ST
Minimum Criteria (unless Government backed) (please note credit ratings are not the sole method of selecting counterparty)	A-	F1	A	P-1/P-2	A	A-1/A-2

Limit

Investment of surplus funds is permitted in each of the above organisations, limits can only be exceeded or another organisation approved with written permission of the Chief Financial Officer.

Deposit Periods

The maximum period for any deposit is based on the Link Asset Services suggested Duration matrix with a maximum of 6 months. The exception to this is deposits with the Bank of Scotland which is set at 1 year. These limits can only be exceeded with the written permission of the Chief Financial Officer.

Hub scheme deposit periods are dependent on the lifetime of the associated scheme.

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EAST RENFREWSHIRE COUNCILCABINET27 August 2020Report by the Chief Financial OfficerGENERAL FUND CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor expenditure as at 30 June 2020 (Quarter 1) against the approved Capital Programme for 2020/21 and to recommend adjustments where necessary.

RECOMMENDATIONS

2. The Cabinet is asked to:-
 - note and approve the movements within the programme; and
 - note the shortfall of £0.425m and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. The General Fund Capital Programme for 2020-2030 was approved by Council on 27 February 2020. A report recommending adjustments to the 2020/21 programme resulting from finalisation of the previous year's programme was approved by Council on 24 June 2020.

CURRENT POSITION

- | | | |
|----|--|-----------------|
| 4. | Total anticipated expenditure (Appendix A) | £49.714m |
| | Total anticipated resources (Appendix B) | <u>£49.289m</u> |
| | Shortfall | <u>£ 0.425m</u> |

The impact of COVID-19 is having a significant effect on the timing and cost of projects and on the timing and value of capital receipts due to market forces, inflation and new safe ways of working. A degree of rescheduling has been reflected in this report however officers continue to review the Council's capacity to deliver planned projects in the current year and will provide further updates in the next capital report as matters become clearer.

INCOME MOVEMENTS

5. The main income movements are as follows: -

- **Borrowing**
Planned borrowing in the current financial year has been reduced by a net total of £1.678m due to timing variances and other adjustments noted below.
- **Developers Contributions**
Additional developers contributions have been identified for application in 2020/21. An increase of £0.051m is now reflected in resources. This relates to the St Cadoc's project. However, the total available has subsequently been reduced by £0.100m due to project deferral on Uplawmoor.
- **Salix/Central Energy Efficiency Fund**
Projects identified for use with this fund have been deferred until 2021/22. This balance carries over into the new financial year.

EXPENDITURE MOVEMENTS

6. The total estimated expenditure has reduced by £1.908m below the level reported to Council on 24 June 2020. The main movements are as follows: -

Revised Project Timing

A prioritisation exercise has identified a number of projects that can be deferred until 2021/22 to allow focus on key deliverable projects in 2020/21.

- **Property - Schools**

Schools Major Maintenance – Window Renewal projects at Carolside, St Lukes and Woodfarm (totalling £0.489m) have been deferred until 2021/22 along with an element of the School Toilet Improvements (£0.104m). The remaining projects within this grouping will be delivered where capacity allows and will remain under review.

Kirkhill PS Rewire – The remainder of this project has been deferred until 2021/22 (£0.124m).

Uplawmoor PS Upgrade – This project is funded in full by developer contributions however it has also been earmarked for deferral to 2021/22 (£0.100m). This has no impact on the funding available which will carry forward to 2021/22.
- **Property – Culture & Leisure**

Eastwood High School Sports Centre – This project has been deferred to 2021/22 with a total budget carried forward of £0.429m.

- Property – Other

Deferred projects include Muirend Synthetic Pitch (£0.146m), Rouken Glen Park Toilets (£0.126m), and Overlee House Extension (£0.610m). In addition, while the Office Accommodation project has a little spend to date, the majority of this (£1.737m) is likely to fall into 2021/22 and will also be deferred.

Property Maintenance – Salix/Central Energy Efficiency Fund. Planned use of this fund in 2020/21 has been delayed and is now likely to fall into 2021/22. A total of £0.180m has been deferred with the balance of the funding allocated also carried forward.

- Roads

A77 Ayr Road Reconstruction (0.041m) – deferred until 2021/22

C1 Mearns Road (£0.110m) – deferred until 2021/22

C2 Neilston Road (£0.157m) – deferred until 2021/22

B776 Rowbank Road – an element of this will now fall into 2021/22 (£0.015m)

A77 Fenwick Road – an element of this project has been brought forward, increasing outturn in 2020/21 by £0.017m. This will be met by a subsequent reduction in 2021/22 allocation.

Expenditure reductions resulting from revised project timing are not cost savings but simply a transfer of expenditure to future financial years.

Expenditure Variances and Transfers

- Property – Schools

Early Learning and Childcare Expansion – COVID-19 has had a significant impact on this project with the standstill causing delays. The cost of standstill alone is estimated at £0.500m. In addition to this, the design proposals to connect storm drain to Scottish Water combined sewers have been rejected with the proposed solution to connect storm drain to nearby water course adding significant costs to the project. Across the five main sites, this amounts to £1.882m

Officers continue work to mitigate these costs and are also identifying savings elsewhere in the programme to support these cost increases. A further update will be provided in due course.

- Roads

Additional costs at B767 Clarkston Road (£0.004m) and C2 Kingston Road (£0.039m) can be covered by a transfer from savings made on a number of projects now complete:

- B769 Stewarton Rd (Rural) Reconstruction (£0.013m)
- B767 Eaglesham Road Reconstruction (£0.011m)
- B769 Thornliebank/Spiersbridge Reconstruction (£0.091m)
- B755 Glenifer Road (£0.001m)
- C3 Uplawmoor Road / Main St, Neilston (£0.016m)

Cycling, Walking and Safer Streets – Budget now reflects the full increase in Scottish Government Grant available of £0.419m.

COMMENT

7. The projected shortfall of £0.425m represents 0.86% of the resources available and is within manageable limits.

PARTNERSHIP WORKING

8. This report has been prepared following consultation with appropriate staff from various departments within the Council including Property and Technical Services and Information Technology.

RECOMMENDATIONS

9. The Cabinet is asked to:-
 - note and approve the movements within the programme; and
 - note the shortfall of £0.425m and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from Mark Waugh, Principal Accountant – Capital, telephone 0141 577 3123.

Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/MW
2 September, 2020

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Appendix A

GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

	ANNUAL COSTS £'000			TOTAL COST £'000		
	CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	<i>SPENT PRIOR TO 31.03.20</i>	<i>PREVIOUS TOTAL COST</i>	<i>REVISED TOTAL COST</i>
Property - Schools	16,186	17,750	1,791	46,302	105,406	107,788
Property - Culture & Leisure	1,294	865	2	3,647	32,632	32,632
Property - Other	8,211	5,413	944	13,189	43,415	43,406
Open Spaces	3,479	3,479	29	1,552	8,968	8,968
Roads	13,280	13,038	476	6,606	46,631	46,650
Corporate Wide - ICT	7,157	7,155	474	8,374	39,487	39,502
Fleet	2,014	2,014	417	1,339	15,798	15,798
TOTAL	51,622	49,714	4,133	81,009	292,337	294,744

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Property - Schools

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
Grouped	Schools Major Maintenance	1,195	601	0	N/A	601	9,991	9,991
800050031	New Non-Denominational PS For Newton Mearns (2 Stream + 60:60 Nursery)	1,243	1,243	3	Ongoing	13,807	15,050	15,050
800050033	St Cadoc'S Ps Remodelling To Provide Pre-Five Provision For 3 & 4 Years Olds	22	22	0	Budget increased to reflect application of developers contributions. Only retention remains	852	874	874
800050030	Kirkhill PS - Rewire	124	0	0	Project deferred until 2021/22	367	491	491
Grouped	Early Learning & Childcare - Expansion to 1,140 hours	10,170	12,552	1,757	Work in progress - revised costings	13,834	24,902	27,284
	Early Years - Crookfur/Fairweather/Overlee Masterplanning	10	10	0	Fairweather work to be programmed	0	10	10
800050039	St Ninian's HS Additional Temp Accomodation	1,450	1,450	6	Work in progress	40	2,492	2,492
	Learning & Leisure in Neilston	1,000	1,000	0	Work to be programmed	0	30,384	30,384
800050038	St Mark's Car Park	334	334	0	Project under review to assess accomodation needs	16	350	350
	Uplawmoor PS Upgrade	100	0	0	Project deferred until 2021/22	0	100	100
	MCHS Sports Facility	87	87	0	Feasibility study underway - possible outsource	0	1,726	1,726
	Improving Learning	200	200	0	Work to be programmed	0	2,000	2,000
800050017	Joint Faith Campus (New Denominational PS for Mearns Area & Relocation of Calderwood Lodge PS)	183	183	0	Complete - retention payments outstanding	16,488	16,671	16,671

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Property - Schools

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
800050012	Security (CCTV) Expansion	54	54	11	Ongoing	146	200	200
800050032	Education Provision In Neilston (Campus Development Study)	14	14	14	Work to be programmed	151	165	165
		16,186	17,750	1,791		46,302	105,406	107,788

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Property - Culture & Leisure

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTFURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
800200019	Eastwood Park Leisure - Refurbishment	269	298	0	Correction - 19/20 works covered by improvement fund	2	26,000	26,000
	ERCLT General Building Improvement Fund	395	366	0	Eastwood Leisure at Tender. Other planned projects at design stage. Adjusted to reflect 19/20 allocation	5	1,700	1,700
800050049	Eastwood HS Sports Centre Changing Rooms/Disabled Facilities	429	0	0	Deferred until 2021/22	0	429	429
805600002	Equipment - Gym and Theatre	79	79	0	Work to be programmed	198	831	831
805600002	Education - Theatre Equipment	54	54	1	Work to be programmed	0	162	162
800200007	Barrhead Foundry Refurbishment (including Pool & Filtration System)	1	1	0	Retention	2,859	2,860	2,860
800200013	Barrhead Foundry Final Phase Works	67	67	0	Retention	583	650	650
		1294	865	2		3,647	32,632	32,632

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Property - Other

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
	1. City Deal							
	Barrhead South Access - Balgraystone Road & Railway Station	1,470	1,470	714	Work in Progress	2,752	12,564	12,564
804000009	Country Park Visitor Centre & Infrastructure	7	7	0	At design stage, progress made on technical and legal fronts	300	4,836	4,836
804000006	Greenlaw Business Incubator And Innovation Centre & Employment Support Linked To Barrhead Foundry	127	127	33	Work complete - payments outstanding	5,595	5,722	5,722
	2. Environment Other Projects							
800420010	Cowan Park Changing Facilities	269	269	0	Work to be programmed	11	300	300
800200018	Crookfur Pavilion Changing Upgrade	411	411	55	Work in Progress	394	805	805
	Muirend Synthetic	146	0	0	Deferred until 2021/22	0	150	150
	RGP Toilets Upgrade	126	0	0	Deferred until 2021/22	0	130	130
	St Andrews House Refurbishment	40	40	0	Work to be programmed	0	40	40
	Overlee House Extension	610	0	0	Deferred until 2021/22	0	630	630

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Property - Other

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
802200019	Bonnyton House Upgrade	180	180	0	Phase 1 in progress	0	180	180
	3. Council Wide Property							
800050009	Retentions - All Services	41	41	14		0	568	568
Grouped	Property Maintenance	1,754	1,574	40	See annex 2	1,154	11,208	11,199
800420013	Eastwood Park Campus Improvements	212	212	0	Work to be programmed	310	522	522
800404017	Office Accommodation	1,751	15	15	Deferred until 2021/22	180	2,200	2,200
800420014	Capital Investment In Energy Efficiency Measures (NDEE Initiative)	300	300	28	Work underway on this programme	1,454	1,754	1,754
	Thornliebank Depot Mechanical Extraction	39	39	0	Work to be programmed	102	141	141
800050044	Overlee Pavilion Changing	538	538	36	Work in progress	367	905	905
802200016	Bonnyton House	48	48	9	Work in progress	386	434	434
800404015	Vacant (Surplus) Property/ Demolition	93	93	0	Will support demolition requirements at St Marks	183	276	276
800402003	Capelrig House Remedial Works	48	48	0	Work to be programmed	2	50	50

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2020/2021

Property - Other

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
		8,211	5,413	944	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
13,189	43,415	43,406

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PROGRESS REPORT

2020/2021

Open Spaces

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
	1. REGENERATION							
804000005	Country Park - Tourism Infrastructure And Economic Activity Projects	184	184	0	Work to be programmed	51	235	235
802000015	White Cart Tributaries Environmental Improvements	1,106	1,106	26	Work in progress	158	1,264	1,264
	Regeneration Projects - Provisional Sums	351	351	0	Work to be programmed	0	2,701	2,701
	2. Environment - Other Projects							
802200010	Environment Task Force	25	25	0	Work to be programmed	35	240	240
802000018	Town Centre Action	19	19	0	Work in progress	79	278	278
802200007	Parks, Cemeteries & Pitch Improvements	297	297	3	Total adjusted to reflect application in 2019/20	265	1,762	1,762
800200017	Cowan Park	308	308	0	Work to be programmed	8	316	316
803000066	Town Centre Regeneration	848	848	0	Work in progress	133	981	981
802000005	Public Realm/Town Centre Resilience	9	9	0	Work in progress	215	250	250
802000011	Land And Property Acquisitions	255	255	0	Plans being re-assessed	144	399	399
	Giffnock Town Centre Improvements	10	10	0	Work in progress	0	10	10

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EAST RENFREWSHIRE COUNCIL

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2020/2021

Open Spaces

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
80200007	Other Public Realm	17	17	0	Work in progress	3	20	20
80200002	Clarkston Town Centre Action And Traffic Management Improvements	35	35	0	Work in progress	182	217	217
802200008	Woodfarm - Grass Pitches	2	2	0	Work in progress	57	59	59
802200011	Mearns Historic Kirkyard Protective Works	3	3	0	Work in progress	81	84	84
800050029	St Ninian's HS - Rugby Pitch	10	10	0	Work in progress	142	152	152
		3,479	3,479	29		1,552	8,968	8,968

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EAST RENFREWSHIRE COUNCIL

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Roads

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
	1. City Deal							
	Levern Valley Accessibility Project	7,652	7,652	13	Work in progress	2,081	20,707	20,707
	2. ERC Roads							
803000004	Lighting - Core Cable & Equipment Replacement	139	139	72	Work in progress	181	1,760	1,760
803000007	Bridges Refurbishment & Pointing Work	16	16	0	Work in progress	92	585	585
803000015	Principal Inspection Group 1-6	56	56	0	Work in progress	0	245	245
803000025	Traffic Calming Studies	41	41	0	Work in progress	9	275	275
803000016	Road Safety Measures/Equipment at Schools	28	28	3	Work in progress	12	220	220
803000018	Safe Routes to School	5	5	5	Work in progress	38	223	223
803000042	A736 KELBURN STREET/LOCHLIBO ROAD RECONSTRUCTION	110	110	0	Work in progress	0	372	372
803000030	A77 Ayr Road Reconstruction	41	0	0	Deferred until 2021/22 - covid	414	805	805
803000033	B767 CLARKSTON ROAD RECONSTRUCTION	66	70	0	Transfer from underspends in other projects	4	180	184
803000035	B769 Stewarton Rd (Rural) Reconstruction	13	0	0	Complete	355	650	637

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Roads

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
803000034	B767 Eaglesham Road Reconstruction	11	0	0	Phase complete	444	815	804
803000036	B769 Thornliebank/Spiersbridge Reconstruction	91	0	0	Complete	233	324	233
803000047	C2 Kingston Road Reconstruction	161	200	0	Transfer from underspends in other projects	84	585	624
803000089	A736 MAIN STREET/LEVERN ROAD BARRHEAD	130	130	1	Work in progress	0	636	636
803000038	C1 Mearns Road	110	0	0	Deferred until 2021/22 - covid	0	640	640
803000048	B755 Gleniffer Road	1	0	0	Complete	105	596	595
803000049	B776 ROWBANK ROAD	125	110	0	Deferred until 2021/22	95	575	575
803000050	C2 NEILSTON ROAD	157	0	0	Deferred until 2021/22	64	321	321
803000051	C3 UPLAWMOOR RD / MAIN ST, NEILSTON	16	0	0	Complete	84	340	324
803000024	Cycling, Walking & Safer Streets	267	419	12	Increased to include full Scottish Government Grant	0	311	419
803000045	Roads Online Costing System	26	26	0	Work in progress	174	200	200
803000031	A77 Fenwick Road Reconstruction	75	92	0	Element of project brought forward	0	185	185
	Provisional Sums - Roads	81	81	0		0	81	81
Grouped	Roads Capital Works	3,862	3,862	370		2,138	15,000	15,000

GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Roads

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
		13,280	13,038	476	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
6,606	46,631	46,650

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2020/2021

Council Wide - ICT

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
805000002	ICT Infrastructure Projects	516	588	163	Work in progress	455	5,543	5,543
805000025	IT General Provision	1,320	1,248	70	Work in progress	500	14,129	14,129
805000005	Corporate Information Security	96	96	50	Work in progress	619	750	750
805000023	GDPR Requirements	190	190	0	Work to be programmed	60	250	250
805000003	Education Network	145	145	5	Work in progress	56	1,101	1,101
805000016	Document Repository Refresh	7	7	0	Work in progress	43	50	50
805000017	PCI DSS	110	110	0	Work in progress	25	135	135
	Public Wifi Network	265	265	0	Work in progress	0	265	265
805000010	Wireless Local Area Network 2015	93	93	39	Work in progress	957	1,050	1,050
805000012	Enterprise Public Access Wifi (Incl BYOD)	3	3	0	Work in progress	112	100	115
805000026	Income Management E-Store	75	75	6	Work in progress	130	205	205
805400002	Corporate GIS	88	88	0	Work in progress	112	200	200
805000018	Modern Smart Forms	63	63	0	Work in progress	137	200	200
805000020	My Account Middleware & Vendor APIs	25	25	0	Work in progress	185	210	210

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Council Wide - ICT

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
805100002	Electronic Document Records Management (Rest Of Council)	124	124	0	Work to be programmed	229	353	353
805000020	Myaccount Signing In To On-Line Services	135	135	0	Work Programmed	150	285	285
	HSCP - Responder Service Modernisation & Safety Net Technology	180	180	0	Work Programmed	0	180	180
805000022	The Digital Workplace	199	199	3	Work in progress	276	600	600
	Flexi Time Application Replacement	40	40	0		40	80	80
805000024	Major ICT Contract Renewals	436	436	29	Work in progress	902	1,338	1,338
805000001	Core Corporate Finance, Payroll & HR	1,120	1,120	45	Work in progress	2,501	3,750	3,750
800050004	Education - Computer Equipment	516	516	18	Work in progress	323	5,353	5,353
805600001	ERCLT People's Network	40	40	0	Work in progress	9	229	229
	ERCLT Digital Platform	410	410	0	Work Programmed	0	410	410
805000009	School Servers Storage	174	174	0	Work in progress	176	350	350
	Carefirst	110	110	0	Work Programmed	0	110	110
	Education CCTV	268	268	0	Work in progress	0	626	626

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Council Wide - ICT

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
	Telecare Service and Peripherals	300	300	0	Work Programmed	0	1,150	1,150
805100003	Agile (Rest Of Council)	3	3	1	Work in progress	257	260	260
805000008	Software Asset Management	9	9	5	Work in progress	56	65	65
805000021	Internet/Intranet Presence	41	41	41	Work in progress	9	50	50
800200008	Culture & Sport Self-Service Kiosk Hardware Refresh	56	56	0	Work Programmed	54	110	110
		7,157	7,155	474		8,374	39,487	39,502

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Fleet

		ANNUAL COSTS £'000			TOTAL COST £'000			
COST CODE	PROJECT NAME	CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	COMMENT	SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
806000004	HSCP - Vehicles	288	288	0	Ongoing	0	1,164	1,164
806000001	Education - Vehicles	364	364	0	Ongoing	0	1,122	1,122
806000002	Environment - Vehicles	1,327	1,327	417	Ongoing	1,339	13,197	13,197
806000005	Environment - GPRS System	35	35	0	Ongoing	0	315	315
		2,014	2,014	417		1,339	15,798	15,798

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EAST RENFREWSHIRE COUNCIL

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Annex 1 - Schools Major Maintenance Analysis

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
800000002	Carolside PS - Window Renewal	144	0	0	Deferred until 2021/22	63	207	207
800000019	ST Lukes Windows Entrance Area	114	0	0	Deferred until 2021/22	36	150	150
800000004	Woodfarm HS - Window Renewal	232	0	0	Deferred until 2021/22	66	298	298
800000014	School Toilet Improvements	254	150	0	Partly Deferred until 2021/22	296	550	550
	THORNLIEBANK PS PR 1- WINDOW RENEWAL	100	100	0	Work to be programmed	0	100	100
	OLM ENTRANCE & MAIN DOORS at Robslee	50	50	0	Work to be programmed	0	50	50
	Provisional Sums	108	108	0	Work to be programmed	0	8,259	8,259
800000008	Hazeldene Nursery - Window Renewal	1	1	0	Retention	2	3	3
	Braidbar PS - Roof Improvements	50	50	0	Work to be programmed	0	50	50
800000009	Mearns Castle HS - Window Renewal	25	25	0	Work to be programmed	29	54	54
	Mearns Castle HS - Rear Stair Improvements	3	3	0	Retention	0	3	3
	St Joseph's PS - Strucutral Improvements	4	4	0	Retention	0	4	4
800000013	St Joseph's PS - Fabric Improvements	1	1	0	Retention	2	3	3

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GENERAL FUND CAPITAL PROGRAMME

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PROGRESS REPORT

2020/2021

Annex 1 - Schools Major Maintenance Analysis

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
800050002	St Luke'S HS - Roof Improvements (Gym Hall)	10	10	0	Work to be programmed
800000018	St Johns Windows and Gym	1	1	0	Retention
800000011	St Josephs Primary windows and entrance door	36	36	0	Work in progress
800000007	Giffnock Primary windows (original block and ext	62	62	0	Work in progress
		1,195	601	0	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
0	10	10
44	45	45
0	80	80
63	125	125
601	9,991	9,991

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GENERAL FUND CAPITAL PROGRAMME

PROGRESS REPORT

2020/2021

Annex 2 - Property Maintenance Analysis

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
800401001	Disability Discrimination Act	88	88	0	Ongoing	98	186	186
800404001	HardWire Testing	97	97	9	Ongoing	38	135	135
800404003	COSHH Upgrade	109	109	0	Ongoing	94	203	203
Grouped	Asset Management	236	236	0	Ongoing	366	602	602
800404009	Fire Risk Assessment Adaptations	194	194	2	Ongoing	132	1,676	1,676
800404012	Structural Surveys & Improvements	98	98	24	Ongoing	28	486	486
800600001	CEEF/Salix Energy Efficiency	180	0	0	Deferred until 2021/22	0	855	855
800404005	Boiler Replacement	113	113	0	Ongoing	113	326	326
800404006	Roof Improvements	167	167	0	Ongoing	225	392	392
800404014	Legionella Remedial Improvements	105	105	5	Ongoing	45	150	150
800404011	Eastwood HQ Lighting Improvements	33	33	0	Ongoing	15	48	48
800200005	Community Facilities Improvements	129	129	0	Ongoing	1	130	130
	Provisional Sum	205	205	0		0	6,019	6,010

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GENERAL FUND CAPITAL PROGRAMME
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2020/2021

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Annex 2 - Property Maintenance Analysis

		ANNUAL COSTS £'000			TOTAL COST £'000			
COST CODE	PROJECT NAME	CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	COMMENT	SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
	Corporate Total	1,754	1,574	40		1,154	11,208	11,199

GENERAL FUND CAPITAL PROGRAMME 2020/21

PROGRESS REPORT

RESOURCES

	£'000	£'000
Borrowing		33,247
Grants		
Capital Grant	5,339	
City Deal	1,343	
Early Learning and Childcare - 1140 Hours Expansion	3,200	
Cycling, Walking & Safer Streets	419	
Scottish Environmental Protection Agency	1,106	
Town Centre Fund	848	
Renewable Energy Fund	0	12,255
Developers Contributions		837
Salix/Central Energy Efficiency Fund		0
Sustrans		0
CFCR		0
Capital Reserve		0
Capital Receipts		2,950
		49,289

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EAST RENFREWSHIRE COUNCILCABINET27 August 2020Report by the Chief Financial Officer and Director of EnvironmentHOUSING CAPITAL PROGRAMME**PURPOSE OF REPORT**

1. The purpose of this report is to monitor expenditure as at 30 June 2020 (Quarter 1) against the approved Capital Programme for 2020/21 and to recommend adjustments where necessary.

RECOMMENDATIONS

2. The Cabinet is asked to:-
 - note and approve the current movements within the programme; and
 - note the shortfall of £0.135m and that income and expenditure on the programme will be managed and reported on a regular basis.

BACKGROUND

3. This report is presented in relation to the following:
 - A revised Housing Capital Programme for 2020-2025, reflecting changes to the programme detailed in the Strategic Housing Investment Programme (SHIP), particularly in relation to new build projects, was approved by Council on 27 February 2020.
 - Adjustments to the 2020/21 programme, reflecting timing movements resulting from the finalisation of the previous year's programme were approved by Council on 24 June 2020.

CURRENT POSITION

4.	Total anticipated expenditure (Appendix A)	£ 12.914m
	Total anticipated resources (Appendix B)	£ <u>12.779m</u>
	Shortfall	£ <u>0.135m</u>

EXPENDITURE

5. The total estimated expenditure for 2020/21 has reduced by £4.843m due to the following changes in respect of timing of expenditure and other adjustments.

Building Works Programme – Existing Stock

The impact of COVID-19 resulted in a pause to much of the works in the early part of the financial year with expenditure to date of £0.115m (30/06/2020). No adjustments to projected outcomes have been made at this stage as officers begin to assess whether the existing stock programme remains achievable however there are likely to be some timing adjustments as work is progressed.

Capital New Build – Phase 1 and 2

Within Phase 1 the construction at Fenwick Drive, Robertson Street and Blackbyres Road is complete. The remainder of the Phase 1 programme in 2020/21 includes Balgraystone Road., The Phase 2 sites include Commercial Road, Barrhead; Barrhead Road, Newton Mearns; and the first two sites at Maidenhill, Newton Mearns. An allocation for retention payments for the completed sites is included in the projected outturn (£0.133m)

The impact of COVID-19 has had a significant effect on the timing and cost of projects due to market forces, inflation and new safe ways of working. Progress has been delayed at all sites as a result of the difficulty to obtain tenders from sub-contractors, inability to undertake site investigations and the requirement to follow government guidance in order to safely mobilise site starts.

- **Balgraystone Road, Barrhead**
Due to delays noted above, 2020/21 outturn for the project is likely to be £1.053m lower than the approved budget with some works now falling into future years. There has been a change to the housing mix to include some smaller flatted units which will reduce costs however, there are also likely to be additional costs as a result of COVID-19 related health and safety measures and other abnormal costs associated with this development. Officers will assess whether additional grant is available to cover these costs however at this stage the existing cost variations can be managed within the approved budget.
- **Barrhead Road, Newton Mearns**
Some planning and site investigation now expected this year however main works will not commence until 2021/22. This has resulted in a total of £0.020m of the approved budget being brought forward to 2020/21.
- **Commercial Road, Barrhead**
Some planning and site investigation now expected this year however main works will not commence until 2021/22. This has resulted in a total of £0.030m of the approved budget being brought forward to 2020/21.
- **The Maidehill site in Newton Mearns has 6 sites identified as Area 1 – Area 6 for the provision of affordable housing. The first two sites commencing development are Area 5 and Area 6.**
- **Maidenhill Area 5**
Officers are hopeful that costs will remain in line with the Area 6 site below and a site start later in 2020 should be possible however no expenditure is anticipated in 2020/21 due to the acquisition basis and will now fall into 2021/22. Outturn for 2020/21 has been reduced from £2.160m to zero.

- Maidenhill Area 6
Now on site but delays will result in a reduction in 2020/21 expenditure of £1.680m with the remaining works falling into 2021/22.

The impact of any changes will be reflected in the Housing Services 30 year Business Plan which is independently reviewed to ensure the programme remains affordable.

INCOME

6. Resources to support the Housing Capital Programme have been adjusted to reflect the changes noted above.
 - Scottish Government New Build Grant – Revised timing of spend across the new build sites will result in a reduction of grant available in year of £1.720m.
 - Borrowing – Changes noted above in respect of project timing movements has resulted in a net reduction in borrowing of £3.123m for 2020/21.

COMMENT

7. The projected shortfall of £0.135m represents 1.1% of the resources available and is within manageable limits.

PARTNERSHIP WORKING

8. This report has been prepared following consultation with appropriate staff from Housing Services.

RECOMMENDATIONS

9. The Cabinet is asked to:-
 - note and approve the current movements within the programme; and
 - note the shortfall of £0.135m and that income and expenditure on the programme will be managed and reported on a regular basis.

Further information is available from Mark Waugh, Principal Accountant – Capital, telephone 0141 577 3123.

Margaret McCrossan
Head of Accountancy Services (Chief Financial Officer)
MMcC/MW
2 September, 2020

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EAST RENFREWSHIRE COUNCIL**HOUSING CAPITAL PROGRAMME****PROGRESS REPORT****2020/2021**

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT	TOTAL COST £'000		
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR		SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
835000002	Renewal of Heating Systems	872	872	61	Work in progress	0	872	872
832000001	Rewiring (including smoke/carbon monoxide detectors)	938	938	5	Work in progress	0	938	938
831000002	External Structural Works	1,657	1,657	5	Work in progress	0	1,657	1,657
835000008	Estate Works	97	97	0	Work in progress	0	97	97
835000006	Energy Efficiency (Including Cavity Wall Insulation)	476	476	20	Work in progress	0	476	476
835000009	Aids and Adaptations	234	234	1	Work in progress	0	234	234
831500001	Internal Element Renewals (including kitchens, bathrooms and doors)	1,403	1,403	5	Work in progress	0	1,403	1,403
835000005	Communal Door Entry Systems	59	59	0	Work in progress	0	59	59
835000012	Sheltered Housing	978	978	18	Work in progress	0	978	978
N/A	Purchase of Property (CPO/Mortgage to Rent Acquisition)	25	25	0	Balance of ROTS budget approval - to be used to bring properties to higher standard	0	25	25
835000003	IT Systems	110	110	19	Work in progress	143	253	253
Grouped	Capital New Build Phase 1	5,232	4,179	99	First three sites complete with work in progress on remaining site	6,995	14,747	14,747
Grouped	Capital New Build Phase 2	5,666	1,876	19	Work in progress on first site	69	22,401	22,401

COST CODE	PROJECT NAME	ANNUAL COSTS £'000			COMMENT
		CURRENT YEAR APPROVED AT 24.06.20	PROJECTED OUTTURN FOR CURRENT YEAR	ACTUAL EXPENDITURE IN YEAR	
N/A	Retentions	10	10	0	
		17,757	12,914	252	

TOTAL COST £'000		
SPENT PRIOR TO 31.03.20	PREVIOUS TOTAL COST	REVISED TOTAL COST
0	10	10
7,207	44,150	44,150

EAST RENFREWSHIRE COUNCIL
HOUSING CAPITAL PROGRAMME 2020/21

PROGRESS REPORT

RESOURCES

	21/21 Revised £'000
Borrowing	9,520
Grant - New Build Phase 1	2,000
Grant - New Build Phase 2	826
Recharges to Owner Occupiers (including HEEPS grant)	433
Total	12,779

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EAST RENFREWSHIRE COUNCIL9 September 2020Report by Audit and Scrutiny CommitteeANNUAL STATEMENT ON ADEQUACY AND EFFECTIVENESS OF GOVERNANCE, RISK
MANAGEMENT AND INTERNAL CONTROL SYSTEMS**PURPOSE OF REPORT**

1. To provide a statement on the adequacy and effectiveness of the governance, risk management and internal control systems operating within the Council during 2019/20.

RECOMMENDATION

2. It is recommended that the Council note the internal audit annual statement on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ending 31 March 2020.

BACKGROUND

3. The Audit and Scrutiny Committee's terms of reference include a requirement for it to review the control environment and make an annual statement to the Council on its evaluation of internal controls. To assist with the evaluation, Internal Audit is required to provide the Committee with an annual statement on the adequacy and effectiveness of the governance, risk management and internal control systems operating within the Council. The statement for the year ending 31 March 2020 was submitted to the Committee on 13 August 2020 as an Appendix to the Internal Audit Annual Report 2019/20.

INTERNAL CONTROL FRAMEWORK

4. As highlighted in the report submitted to the Audit and Scrutiny Committee by the Chief Auditor, in order to ensure the proper conduct of its business, the Council has a responsibility to develop and implement systems of internal control. The presence of an effective internal audit function contributes towards, but is not a substitute for, effective controls and it remains primarily the responsibility of line management to ensure that internal controls are in place and are operating effectively. A sound control system will help safeguard assets, ensure records are reliable, promote operational efficiency and ensure adherence to Council policy and procedures. Such systems of internal control can provide only reasonable and not absolute assurance against loss.

5. As part of its Standing Orders and in order for the business of the Council to be dealt with in an efficient manner, the Council has in place both a Scheme of Administration and Scheme of Delegated Functions. The former indicates the business to be dealt with by the various bodies of the Council, whilst the latter gives details of the authority delegated to officers by the Council. In addition to this, a comprehensive set of approved Financial Regulations are in place, which ensure that the financial administration of the Council is dealt with in a proper manner. The Council's Financial Regulations incorporate the requirement to present to the Audit and Scrutiny Committee each year an Annual Audit

Report showing the activity of the Internal Audit service and progress achieved against the Internal Audit Plan. An assurance statement on the adequacy and effectiveness of the governance, risk management and internal control systems operating within the Council must form part of that report.

6. As commented on by the Chief Auditor in the report she submitted to the Audit and Scrutiny Committee on 13 August, governance, risk management and internal control systems need to be monitored so that management and Members may be sure that they continue to be effective. Monitoring of controls is done at a number of levels, for example, assessment by line management; internal audit and external audit review and subsequent reporting to management of identified weaknesses and recommendations; and monitoring by the Audit and Scrutiny Committee. If monitoring of control is to be effective, then senior management must foster an environment where internal control is the responsibility of all staff.

INTERNAL AUDIT ANNUAL STATEMENT OF ASSURANCE FOR 2019/20

7. As explained in the Annual Statement of Assurance for 2019/20, the Chief Auditor's evaluation of the control environment was informed by a number of sources:-

- The audit work undertaken by Internal Audit during the year to 31 March 2020 and material findings since the year end
- The audit work undertaken by Internal Audit in previous years
- The assessment of risk completed during the preparation of the strategic audit plan
- Assessments of the general control environment within individual departments as completed by each director
- Reports issued by the Council's external auditors and other review and inspection agencies
- Knowledge of the Council's governance, risk management and performance monitoring arrangements
- Any other items brought to the attention of internal audit staff by whatever means which may warrant further investigation.

8. The Audit and Scrutiny Committee has received regular progress reports from the Chief Auditor on the work of Internal Audit.

OPINION

9. The attached Annual Statement of Assurance for 2019/20 (see Appendix A) confirms that the 2019/20 audit year was satisfactory for Internal Audit as the audit plan was substantially completed despite a reduction in staffing levels due to an internal secondment and COVID19 restrictions in the final quarter which prevented five of the audits which had been started being completed and issued. It also clarifies that External Audit continue to place reliance on the work of the service and that a reasonable level of performance was achieved against the indicator targets set given the restrictions that were largely outwith the control of the service.

10. The Statement concludes that it is the opinion of the Chief Auditor that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2020.

11. The Audit and Scrutiny Committee considered and approved the internal audit annual statement on the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2020 on 13 August 2020.

RECOMMENDATION

12 It is recommended that the Council note the internal audit annual statement on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ending 31 March 2020.

Report Author: Linda Hutchison, Clerk to Committee 577 8388

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Background Papers: Internal Audit Annual Report 2019/20

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INTERNAL AUDIT ANNUAL STATEMENT OF ASSURANCE FOR 2019/20

As Chief Auditor of East Renfrewshire Council, I am pleased to present my annual statement on the adequacy and effectiveness of the governance, risk management and internal control systems of the Council for the year ended 31 March 2020.

Respective Responsibilities of Management and Internal Audit in relation to Governance, Risk Management and Internal Control

It is the responsibility of the Council's senior management to establish appropriate and sound systems of governance, risk management and internal control and to monitor the continuing effectiveness of these systems. It is the responsibility of the Chief Auditor to provide an annual overall assessment of the robustness of governance, risk management and internal control.

The Council's Framework of Governance, Risk Management and Internal Controls

The main objectives of the Council's framework of governance, risk management and internal control are:

- To ensure adherence to management policies and directives in order to achieve the organisation's objectives;
- To safeguard assets;
- To ensure the relevance, reliability and integrity of information, so ensuring as far as possible the completeness and accuracy of records; and
- To ensure compliance with statutory requirements.

Any system of control can only ever provide reasonable and not absolute assurance that control weaknesses or irregularities do not exist or that there is no risk of material errors, losses, fraud, or breaches of laws or regulations. Accordingly, the Council is continually seeking to improve the effectiveness of its systems of governance, risk management and internal control.

The work of Internal Audit

Internal Audit is an independent appraisal function established by the Council for the review of the internal control system as a service to the organisation. It objectively examines, evaluates and reports on the adequacy of internal control in all service areas as a contribution to the proper, economic, efficient and effective use of the Council's resources.

During 2019/20, the internal audit service operated in accordance with the Public Sector Internal Audit Standards (PSIAS). In particular, the service operated free from interference in determining the scope of internal audit, performing work and communicating results. A self-assessment was carried out and submitted to the Audit and Scrutiny Committee. This review concluded that the internal audit service continues to operate in compliance with the Public Sector Internal Audit Standards. A quality assurance improvement plan has been developed to further enhance compliance and is included within the appendices. External audit have also considered the work of internal audit and did not raise any issues.

The service undertakes an annual programme of work approved by the Audit Committee based on a five year strategic plan. The strategic plan is based on a formal risk based audit needs assessment which is revised on an ongoing basis to reflect evolving risks and changes within the Council.

All internal audit reports identifying system weaknesses and/or non-compliance with expected controls are brought to the attention of management and include appropriate recommendations. It is management's responsibility to ensure that proper consideration is given to internal audit reports and that an appropriate action plan is provided in response to audit recommendations. Internal Audit is required to ensure that appropriate arrangements are made to determine whether action has been taken on internal audit recommendations or that management has understood and assumed the risk of not taking action. Significant matters arising from internal audit work are reported to the Chief Executive and the Council's Audit and Scrutiny Committee. Follow up work is carried out by Internal Audit to ensure that recommendations previously accepted by management have been implemented. Copies of these reports are circulated to members of the Audit and Scrutiny Committee.

Basis of Opinion

My evaluation of the control environment is informed by a number of sources:

- The audit work undertaken by Internal Audit during the year to 31 March 2020 and material findings since the year end
- The audit work undertaken by Internal Audit in previous years
- The assessment of risk completed during the preparation of the strategic audit plan
- Assessments of the general control environment within individual departments as completed by each director
- Reports issued by the Council's external auditors and other review and inspection agencies
- Knowledge of the Council's governance, risk management and performance monitoring arrangements
- Any other items brought to the attention of internal audit staff by whatever means which may warrant further investigation.

Opinion

Owing to COVID19 and the resultant enforced remote working from March 2020 onwards, completing audits from the 2019/20 audit plan became particularly challenging for the audit team. All planned 2019/20 audits have been completed with the exception of five audits which had been started but could not be completed. These are unlikely to have materially affected the annual assurance statement and annual opinion. It is therefore my opinion that reasonable assurance can be placed upon the adequacy and effectiveness of the Council's framework of governance, risk management and internal control for the year ended 31 March 2020.

Michelle Blair FCA
Chief Auditor

29 July 2020